

**AUDIT COMMITTEE
OF THE CITY OF SAN DIEGO**

**Council President Pro Tem Kevin Faulconer, Chair
Councilmember Carl DeMaio, Vice Chair
Committeemember Thomas Hebrank
Committeemember Charles Sellers
Committeemember Steve Grant**

**ACTIONS FOR
MONDAY, SEPTEMBER 12, 2011, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

For information, contact Matt Awbrey, Committee Consultant
202 C Street, 10th Floor, San Diego, CA 92101
Email: MAwbrey@sandiego.gov
(619) 236-6992

All Committee members present.

NON-AGENDA PUBLIC COMMENT: Kathy Casey discussed the audit of the Downtown PBID (Property and Business Improvement District).

Mike Aguirre made two requests of the Audit Committee:

1. Request the internal City Auditor conduct an audit of the City's decision to dismiss a pension-related lawsuit;
2. Ask the outside auditor during the Fiscal Year 2010 Comprehensive Annual Financial Report review proceedings whether the steps set forth in AU Section 326 were followed with regard to the explanation given for the delay of the FY2010 CAFR audit.

Lesslie Keller expressed interest in an Audit Committee hearing on the Downtown PBID audit.

COMMITTEE COMMENT: Committee Member Sellers commented on the tone and tenor of the debate during the July 11, 2011, Audit Committee hearing on the Animal Services Agreement performance audit.

Committee Member Hebrank remarked on his weekly calls with City management and outside audit firm Macias Gini & O'Connell to monitor the status of the annual audit, and thanked the outside auditors and City Comptroller's office for their cooperation.

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CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: City Attorney Goldsmith made comments related to City disclosure practices.

ADOPTION AGENDA

Approval of the Record of Action Items for July 11, 2011

ACTION: Motion by Committee Member Hebrank, second by Councilmember DeMaio, to approve.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, Hebrank-yea, Sellers-yea

INFORMATION ITEMS

ITEM-1: Report from the City Auditor regarding AUDIT ACTIVITY [PowerPoint](#)

ACTION: Information only. No action taken.

ITEM-2: [Update from the Outside Auditor](#) (Macias Gini & O'Connell) regarding the FISCAL YEAR 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AUDIT

ACTION: Information only. No action taken.

DISCUSSION/ACTION ITEMS

ITEM-3: [Report from Independent Budget Analyst](#): REVIEW OF THE PERFORMANCE AND CONTRACT OF THE OUTSIDE AUDITOR (MACIAS GINI & O'CONNELL)
[Mr. Faulconer's memo](#) [Mr. DeMaio's and Mr. Hebrank's memo](#)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to receive the report and direct the City Auditor to respond in writing whether Macias Gini & O'Connell's (MGO) not raising issues related to alleged abuses of public funds by SEDC (Southeastern Economic Development Corporation) and SDMSE (San Diego Medical Services Enterprise) was in accordance with national audit standards and MGO's contract with the City.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, Hebrank-yea, Sellers-yea

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ITEM-4: Review of the [CITY OF SAN DIEGO FISCAL YEAR 2010 FINANCIAL STATEMENT AUDIT](#) [MGO Report](#) [Process for Review](#)
[PowerPoint](#) [Mayor's memorandum](#)

NOTE: *This document has not been received by and filed with the City Council and is not to be considered an official document of the City until this has occurred*

ACTION: No action taken. The second Audit Committee hearing of the FY2010 CAFR is scheduled for September 26, 2011.

ITEM-5: [Report from the City Auditor](#): QUARTERLY FRAUD HOTLINE REPORT - QUARTER 4 FISCAL YEAR 2011 [PowerPoint](#)

ACTION: Motion by Councilmember DeMaio, second by Committee Member Grant, to accept the report.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, Hebrank-yea, Sellers-yea

PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS:

CLOSED SESSION ITEMS

ITEM-6: Public Employee [Performance Evaluation](#): Title: CITY AUDITOR
[City Audit Report](#) [Audit Office Accomplishments](#) [Feedback Survey](#)

ACTION: No reportable action was taken.

Kevin Faulconer
Council President Pro Tem